

Excerpts from the 2003 – 2008 *Strategic Plan* for the US Treasury, Financial Management Services
The full document is available at: <http://www.fms.treas.gov/strategicplan/index.html>

Mission

The Financial Management Service mission is to provide central payment services to federal program agencies, operate the federal government's collections and deposit systems, provide government-wide accounting and reporting services, and manage the collection of delinquent debt.

Strategic Goal 2

Provide timely collection of federal government receipts, at the lowest cost, through an all-electronic Treasury.

The Financial Management Service (FMS) is responsible for administering the world's largest collections system, collecting over \$2.2 trillion annually through a network of more than 10,000 financial institutions via both electronic and paper-based mechanisms. The federal government's collection activities center around three major groups: (1) individuals, (2) businesses/ institutions, and (3) other Federal entities. FMS develops and implements collections policies and procedures for the federal government, facilitates efficient collections by designing and administering state-of-the art collection systems, and promotes electronic collections to federal program agencies.

In FY 2002, FMS collected over \$2.2 trillion through its various collection mechanisms (both electronic and paper). The majority (79 percent) was collected electronically through the EFTPS, Pay.gov, Online Paper Check Conversion and other electronic mechanisms. The remaining amount (21 percent) was collected through paper-based mechanisms (Lockboxes, Treasury General Accounts, and Federal Tax Deposits). As of June 30, 2003, more than 4.2 million taxpayers are enrolled in EFTPS; however, an estimated 4.6 million taxpayers still using paper tax coupons and checks, as well as approximately 10.5 million individuals who make more than one payment a year by coupons and checks.

Approach

FMS and IRS will be working on other initiatives to increase the use of EFTPS such as (1) changing processes so that EFTPS is the preferred method for businesses to make their tax payments, (2) allowing individuals to make tax payments on-line without having to enroll in EFTPS, (3) streamlining the payment and enrollment process for business taxpayers (4) eliminating regulatory barriers that will encourage more businesses to use EFTPS, and (5) expanding marketing and outreach to tax professionals and the small business community. In addition, FMS will continue to conduct research that will guide it in designing enhancements to EFTPS that meet taxpayer needs and effectively market EFTPS to both individual and business taxpayers.

FMS will continue to roll out Pay.gov to federal agencies and their customers. Pay.gov is a secure government-wide collections portal that has the potential to convert 80 million transactions totaling \$125 billion a year from paper processes to electronic payments and on-line forms processing. Pay.gov offers a suite of four services to agencies - - collections, forms presentment/submittal, user authentication, and centralized financial reporting. The authentication service provides a knowledge-based authentication of individuals conducting financial and non-financial transactions with the federal agencies. This knowledge-based

authentication process (verification engine) will connect with the federal government's E-Authentication Gateway and will facilitate the delivery of electronic services to taxpayers in a secure and easy to use manner.

FMS will also continue to explore methods for reducing the costs of its banking services by promoting the use of less expensive electronic mechanisms and implementing new techniques to expedite the collections process. FMS is working to improve the efficiency of the lockbox system used to support processing of collections with such services as Paper Check Conversion at lockbox sites and document imaging services. FMS will continue to provide incentives for federal program agencies to use more efficient and cost-effective collection techniques.

Strategic Goal 3

Maximize collection of government delinquent debt by providing efficient and effective centralized debt collection services.

The Debt Collection Improvement Act of 1996 (DCIA) and other statutes provide the tools for administering a centralized program for the collection of delinquent tax and non-tax debts. The Financial Management Service (FMS) is charged with implementing the government's delinquent debt program and does so through two main components: the Treasury Offset Program (TOP) and the Cross- Servicing Program.

TOP is a centralized offset program developed by FMS. TOP is designed to assist federal program agencies (FPAs) and states in the collection of delinquent debts such as federal non-tax debts, certain Federal tax debts, state tax debts, and child-support obligations. FMS maintains a database of delinquent debtor records referred from FPAs and states. TOP enables the matching of these delinquent debtor files against payment files. When a match occurs, the payment is intercepted and offset up to the amount of the debt.

Cross-Servicing is the centralized debt collection process that manages delinquent debts referred from Federal program agencies through the use of a variety of debt collection mechanisms, such as issuing demand letters; executing repayment agreements; referring accounts to TOP for administrative offset; referring debts for collection to Private Collection Agencies and the Department of Justice; reporting debts to credit bureaus; initiating administrative wage garnishment (AWG); and reporting to the IRS, as income, debts that have been closed out.

In January 2003, FMS implemented a new system, called "Debt Check", that will enable credit agencies to identify delinquent debtors who apply for federal loans and loan guarantees.

Approach

The primary objectives of debt collection services in the next few years are to: (1) effectively utilize all available Cross-Servicing tools, especially administrative wage garnishment, to maximize the collection of delinquent debt owed to the government; (2) continue to expand the offset program, incorporating additional payments and debts (i.e., centralized salary offset, non-treasury disbursed payments) to support delinquent debt collection; (3) assisting agencies in barring delinquent debtors from obtaining federal loans and loan guarantees; and, (4) increase the early referral of eligible, legally enforceable debts for the offset and cross-servicing systems.